THE FARM INCOME STABILIZATION COMMISSION OF ONTARIO

TENTH ANNUAL REPORT
FISCAL YEAR ENDED MARCH 31, 1987

ONTARIO
MINISTRY OF AGRICULTURE AND FOOD
LEGISLATIVE BUILDINGS, TORONTO

HON. JACK RIDDELL
MINISTER

88-01499/

Toronto, Ontario
Aug. 17, 1987

To The Honourable Jack Riddell, Minister
Ministry of Agriculture and Food
Province of Ontario.

Sir:

I have the honour to submit herewith the Annual Report of The Farm Income Stabilization Commission of Ontario for the period April 1, 1986 to March 31, 1987 including the report of the Provincial Auditor.

Respectfully Submitted,

Keith Pinder, Chairman
The Farm Income Stabilization Commission of Ontario

Tenth Annual Report

of

The Farm Income Stabilization Commission of Ontario

For Fiscal Year Ended March 31, 1987

COMMISSION MEMBERS
(As At March 31, 1987)

KEITH PINDER — Chairman

REGINALD A. STARR — Member

MARY GILLESPIE — Member

ROGER GEORGE — Member
(Rep. Ontario Federation of Agriculture)

ELLARD POWERS — Member
(Rep. National Farmers Union)

HUGO MAASKANT — Member
(Rep. Christian Farmers Federation)

OFFICERS

KEITH PINDER
General Manager

SUSAN CULLEN
Assistant General Manager

M.J. TAGGART
Assistant General Manager/Accounting

RUTH DAY
Secretary

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

RESPONSIBILITIES

- Administration of the Farm Income Stabilization Act.
- Administer plans of Farm Income Stabilization established by regulations.
- Provide for surveys and research relating to Farm Income Stabilization to obtain statistics for Commission purposes.

THE YEAR IN REVIEW

Stabilization payments of $4.57 per tonne for barley; $4.64 per tonne for corn, and $9.70 per tonne for soybeans were declared for the 1985 sales year.

Stabilization payments are made on registered and eligible production when average returns fall below 95% of the previous five-year average price, plus changes in cash costs of production. Payments are limited to the difference between the 90% and 95% levels. Participating producers are required to register expected sales and pay fees in advance equivalent to an estimated one-third of the expected payouts. Interest is credited to producer fees on deposit and any unused fees and interest are returned at the termination of the program.

Stabilization payments of $13.1 million were made in the fiscal year.

In order to ease farmers income losses due to falling prices interim payments for corn and soybeans were issued. The interim advance was deducted from final payment.

Stabilization payments comprise two-thirds Government share and one-third farmers' enrollment fees. In the current fiscal year, payments for the grain plan were limited to the Province two-thirds contribution. The farmers' share was retained by the Commission for future grain plan enrollment fees.

For 1986-1988, canola and oats, were added to the existing 1985-1988 grain crops plan.

A three year 1986-1989, stabilization plan for fresh market potatoes was also introduced.

In an effort to improve administrative efficiencies, the time within which a producer has to submit a stabilization claim has been limited to two years from the end of any sales year.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

BALANCE SHEET

as at March 31, 1987

ASSETS

	1987 ($000's)	1986 ($000's)
Cash, including short term deposits	27,771	14,318

LIABILITIES

Farmers' enrollment fees (Schedule) (note 3)	17,114	11,157
Government subsidies (Schedule) (note 3)	10,657	3,161
	27,771	14,318

See accompanying schedule and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

AUDITOR'S REPORT

I have examined the balance sheet of the Farm Income Stabilization Commission of Ontario as at March 31, 1987 and the statement of receipts and disbursements for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1987 and its receipts and disbursements in accordance with the accounting policies described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

D.F. Archer, F.C.A.,
Provincial Auditor.

Toronto, Ontario,
July 17, 1987.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Statement of Receipts and Disbursements
for the year ended March 31, 1987

	1987 ($000's)	1986 ($000's)
Receipts:		
Farmers' enrollment fees (note 3)	5,175	10,478
Subsidies from Province of Ontario (note 3)	20,162	1,970
Administrative expenses paid by Province (note 2)	1,965	481
Interest income	1,203	961
Miscellaneous income	24	44
	28,529	13,934
Disbursements:		
Stabilization payments		
Farmers' share	240	1,423
Province's share	12,871	2,845
Refunds and transfers to new plan	—	6,967
Administrative expenses (note 2)	1,965	481
	15,076	11,716
Excess of receipts over disbursements	13,453	2,218
Cash, including short term deposits, beginning of year	14,318	12,100
Cash, including short term deposits, end of year	27,771	14,318

See accompanying schedule and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Changes in Enrollment Fee Balances and Government Subsidies
for the year ended March 31, 1987

Enrollment Fee Balances

	Apples 1983-87 ($000's)	Grain 1985-88 ($000's)	Potatoes 1986-88 ($000's)	Government Subsidies ($000's)	1987 Total ($000's)	1986 Total ($000's)
Balance, beginning of year	745	10,412	—	3,161	14,318	12,124
Farmers' enrollment fees	365	4,682	128	—	5,175	11,162
Subsidies from Province of Ontario	—	—	—	20,162	20,162	1,970
Interest income	61	957	4	181	1,203	289
Miscellaneous income	—	—	—	24	24	8
Stabilization payments	(240)	—	—	(12,871)	(13,111)	(11,235)
Balance, end of year	931	16,051	132	10,657	27,771	14,318

See accompanying notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Notes to Financial Statements
March 31, 1987

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Commission uses a cash basis of accounting except for the following modifications:

(i) For administrative expenses, an additional thirty days is allowed to pay for goods and services pertaining to the fiscal year just ended.

(ii) For government subsidies an additional thirty days is allowed for the receipt of subsidies pertaining to the fiscal year just ended.

2. ADMINISTRATIVE EXPENSES

Salaries, benefits and other administrative expenses of the Commission are absorbed by the Ministry of Agriculture and Food and are included in the statement of receipts and disbursements. Administrative expenses of the prior year have been disclosed to conform with the 1987 presentation.

3. FARM INCOME STABILIZATION PLANS

Farm income stabilization plans are established by regulations under the Farm Income Stabilization Act. These voluntary plans are designed to stabilize the income of Ontario farmers in periods of low market prices. Federal stabilization support payments are made for the difference between the current market price and 90 per cent of the five-year average market price as adjusted for changes in cash costs of production. On the same basis, provincial plans support prices between 90 and 95 per cent of the five year average price.

Fees are normally collected in advance and are set at a level sufficient to cover approximately one-third of the stabilization support payments in accordance with the provisions of section 6(3) of the Farm Income Stabilization Act. The Province of Ontario provides the other two-thirds.

Stabilization payments are made from the Province's subsidies and the farmers' enrollment fees, with the split being two-thirds and one-third respectively. In the current fiscal year, rather than paying out the farmers' one-third share and requesting payments for the following year's enrollment fees, the Commission retained the farmers' share and applied it against next year's grain plan enrollment fees.

Voluntary stabilization plans exist for the following commodities: grains (corn, soybeans, white beans, winter wheat, barley, oats, canola), fresh market potatoes, and apples.

4. REMUNERATION OF APPOINTEES

Total remuneration of the members of the Commission was $1,700 during the 1987 fiscal year.

5. COMPARATIVE FIGURES

Comparataive figures have been reclassified where necessary to conform with 1987 presentation.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Schedule of Administrative Expenses
for the year ended March 31, 1987

	1987	1986
	$	$
Salaries and wages	557,392	258,260
Transportation and communication	56,597	16,500
Services	1,281,311	167,240
Supplies and equipment	69,675	39,147
	1,964,975	481,147